

# NEW METALORE MINING COMPANY LIMITED



*1965*

*Annual Report*

*Our 22nd. Year*



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# NEW METALORE MINING CO. LTD.

LIMITED

## PROXY

JAN 18 1966

I, .....,  
of .....  
a Shareholder of NEW METALORE MINING CO. LTD. hereby appoint  
George W. Chilian, President, or failing him, Frank D. Nasso, Secretary-  
Treasurer or ....., as my  
Proxy to vote for me and on my behalf at the Annual General Meeting of  
the Company, to be held on the 25th day of September, 1965, and at any  
adjournment thereof.

DATED this ..... day of September, 1965.

.....  
Signature

or . . . Simcoe, Ontario

. . . North Branch, Minnesota

. . . St. Paul, Minnesota

r . . . Toronto, Ontario

. . . St. Paul, Minnesota

. . . Toronto, Ontario

. . . Chicago, Illinois

. . . Toronto, Ontario

. . . Normetal, Quebec

. . . Simcoe, Ontario

CHISON . . . Toronto, Ontario

. . . Simcoe, Ontario

. . . Toronto, Ontario

BANQUE CANADIENNE NATIONALE . . . Normetal, Quebec

CANADA TRUST COMPANY . . . Toronto, Ontario

Registrar and  
Transfer Agent



Y LIMITED

JAN 18 1966

or . . . Simcoe, Ontario

. . North Branch, Minnesota

. . . St. Paul, Minnesota

or . . . Toronto, Ontario

. . . St. Paul, Minnesota

. . . . Toronto, Ontario

. . . . Chicago, Illinois

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. . . . Toronto, Ontario

. . . Normetal, Quebec

. . . . Simcoe, Ontario

CHISON . Toronto, Ontario

. . . . Simcoe, Ontario

Toronto, Ontario

. . . Normetal, Quebec

Registrar and  
Transfer Agent

CANADA TRUST COMPANY . . . . . Toronto, Ontario



# NEW METALORE MINING CO. LTD.

62 RICHMOND ST. W., SUITE 605  
TORONTO 1 - CANADA

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## NOTICE OF ANNUAL GENERAL MEETING

To the Shareholders:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of this Company will be held in the Elizabeth Room, King Edward Hotel, Toronto, Ontario, on Saturday, the 25th day of September, 1965, at the hour of 3:00 o'clock in the afternoon (Toronto Time) to receive the Reports of the Directors and Auditors for the fiscal period ending March 31, 1965, to elect Directors, to appoint Auditors, and to transact such other business as may properly come before the meeting.

DATED at Toronto, this 10th day of September, 1965.

NEW METALORE MINING CO. LTD.,

GEORGE W. CHILIAN,

Director.

The Directors welcome the active interest of shareholders at all times and particularly encourage all shareholders to personally attend the Annual Meeting this year if at all possible. If, however, you are unable to be present in person, you are requested to fill out and return the attached instrument of Proxy. If you desire to appoint as your proxy a person other than the two persons named, you may do so by crossing out the said names shown and filling in the name of your nominee in the space provided.

# NEW METALORE MINING COMPANY LIMITED

JAN 18 1966

## *Officers and Directors*

GEORGE W. CHILIAN,  
President and Managing Director . . . Simcoe, Ontario

HAROLD E. LARSON,  
Vice-President and Director . . . North Branch, Minnesota

FRANK J. FOLDESI,  
Vice-President and Director . . . St. Paul, Minnesota

FRANK D. NASSO,  
Secretary-Treasurer and Director . . . Toronto, Ontario

GEORGE CHILIAN Sr.,  
Director . . . . . St. Paul, Minnesota

THEODOR RATZ,  
Director . . . . . Toronto, Ontario

JOHN O. BARSAMIAN (deceased)  
Director . . . . . Chicago, Illinois

## *Executive Office*

62 Richmond St. W., Suite 605 . . . . Toronto, Ontario

## *Mine Address*

Postal Box 500 . . . . . Normetal, Quebec

## *Petroleum Division*

Postal Box 422 . . . . . Simcoe, Ontario

## *Auditors*

RIDDELL, STEAD, GRAHAM & HUTCHISON . Toronto, Ontario

## *Bankers*

BANK OF MONTREAL . . . . . Simcoe, Ontario  
Toronto, Ontario

BANQUE CANADIENNE NATIONALE . . . Normetal, Quebec

## *Registrar and Transfer Agent*

CANADA TRUST COMPANY . . . . . Toronto, Ontario



# NEW METALORE MINING COMPANY LIMITED

## *President's Report*

### TO THE SHAREHOLDERS:

The Directors are pleased to submit herewith your Company's Annual Report for the fiscal year ending March 31, 1965. Included are the Audited Financial Statements and the President's summary reports of developments on our Base Metal properties in (Normetal) Northwestern Quebec and our Natural Gas properties in Southwestern Ontario.

It is with sincere regret that we must also record the passing of our fellow Director and friend, Mr. John O. Barsamian, who died suddenly last July. Mr. Barsamian contributed much in energetic and resourceful ideas, and his service will be long remembered.

### DEVELOPMENTS AT NORMETAL

#### Land Holdings Increased

After our most recent drilling and subsequent geophysical surveys were completed on our Normetal area property early in 1964, a number of our technically classified "excess" claims were allowed to expire. This was done in order to conserve our vital reserve assessment work credit, and also to reduce acreage tax. As a result our assessment work allocations and taxes were reduced by over thirty per cent for the past two years.

During the past few months, in preparation for resumption of our extensive development at Normetal, we have acquired the largest number of claims by far ever held by our Company in the area (133 claims totaling over 8000 acres). These claims have been staked at cost which, on the whole, averages con-

siderably less than the cost of assessment taxes on the equivalent acreage. Further, it is the first time in over ten years that we have been able to assemble such a large westerly extension (into Ontario) of the favorable Normetal rhyolite formations within one contiguous block of claims.

#### New Discovery

Last month a new zinc-copper discovery of important implications was reported by the Canadian Javelin interests a short distance northwest of our properties. In the ensuing claim staking rush an unprecedented high number of claims is continuing to be recorded in the area, tying on to our boundaries and extending over ten miles to the north and west. While it is too early to assess the significance of this new discovery as yet, a healthy tempo of drilling and exploration is already underway, and we will be alertly watching all developments in the area.

### DEVELOPMENTS IN NATURAL GAS

#### Production Initiated

At 11:14 A.M., February 3rd, 1965 the first natural gas from New Metalore wells flowed through some five miles of our own pipelines and was metered, under contract, into the main transmission system of Union Gas Company of Canada Limited. This commencement of the first STEADY INCOME ever to be received by New Metalore, marked an all important milestone in our Company's twenty-two year history. Since then we have continued to complete additional wells as



## NEW METALORE MINING COMPANY LIMITED

rapidly as finances would permit, until NEW METALORE IS NOW RANKED AS ONE OF THE THREE LARGEST OF NEARLY TWO HUNDRED INDEPENDENT GAS PRODUCERS IN ONTARIO. Part of the additional drilling was accommodated by a \$27,500.00 loan (at 6% interest per annum) from the Bank of Montreal in April, 1965, and more recently from production income now exceeding \$10,000.00 per month.

### **Perfect Drilling Record**

At this writing we have completed eleven successful wells out of eleven attempts (NO DRY HOLES), and our twelfth well is being drilled. Ten of these wells are currently producing, and the eleventh is temporarily capped. The eleventh well was an important exploratory test, approximately two miles south of our present production and pipeline, which has substantially increased our known reserves and proven a large section of our extensive lease holdings. Production will not be slated for the eleventh well area, however, until such future time that further drilling can be accommodated and our existing pipeline facilities are extended.

### **Extensive Land Acquisitions**

During the past year your Company has laboriously acquired, one by one, Petroleum Leases on over sixty individual parcels of land, representing several thousand acres, in the immediate vicinity of our producing wells. This acreage assures the potential of many future years' production and expansion in the Natural Gas Industry for New Metalore.

It should be especially emphasized here that because the land leasing factor has been so

acutely competitive, your Company had considered it ABSOLUTELY IMPERATIVE to particularly refrain from releasing any general publicity (except on a local level) concerning the success of our operations as long as these acreage acquisitions were continuing. Now that our priority leasing has been relatively completed, and in light of rapidly expanding developments, it is the management's intention to inaugurate a policy of sending INTERIM REPORTS, from time to time as warranted, to all registered shareholders.

### **Exclusive Formula Developed**

It can now also be announced that a major reason for New Metalore's extraordinary success in natural gas well completion and production must be attributed to unusual results obtained from a CUSTOM TREATMENT for well stimulation called HYDRO-FRACTURING\*. New Metalore's efforts in controlled experimentation with "hydro-frac" application have, in recent months, developed SUPERIOR FORMULAE AND TECHNIQUES NOW BEING ADMINISTERED ON OUR OWN WELLS EXCLUSIVELY. For example, our last well "treated" yielded approximately a ONE HUNDRED FOLD INCREASE above natural flow measurement — a result many times above average for the industry — and initial indications are that the productivity of such wells is holding proportionately above normal. While New Metalore is endeavoring to retain these formulae and techniques confidential as long as possible, we are also convinced that our advances in this field will ultimately contribute substantially toward revolutionizing much of the gas producing industry in Southwestern Ontario.

\* Contracted with Halliburton Oil Well Cementing Company Limited, Sarnia, Ontario.

# NEW METALORE MINING COMPANY LIMITED

## *President's Report* (continued)

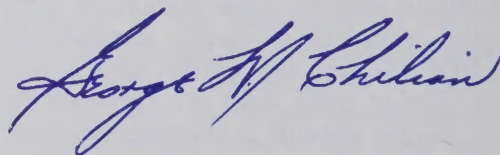
### **Financial Success Established**

Perhaps the most empirical measurement of the success and scope of our natural gas operations can be visualized by the fact that **WITHIN SLIGHTLY MORE THAN ONE YEAR FROM THE ACTUAL COMMENCEMENT OF PRODUCTION ALL EXPENDITURES DIRECTLY RELATING TO THIS PROJECT WILL BE FULLY PAID FOR.** We also **CONSERVATIVELY** estimate at least ten to twenty years' continuous production, at a gradually declining rate, will be derived from most of the existing wells — not including abundant future well locations within our untapped reserve acreage. Further, with our superior hydro-frac treatment now available, and with our principal undertakings on experimentation, pipelines and accessories completed and financed, it can be considered that the ratio of capital return for capital expended is much higher now than it was even a few months ago. We therefore contend that it is strictly just plain "good business" to concentrate all effort and financial resources on com-

pleting additional gas wells close to our pipeline for the next few months, before resuming work on our mining properties. New Metalore will then be in the most advantageous position ever regarding land holdings **AND FINANCES** (from gas revenues) for successfully undertaking the exploration and development of a new mine at Normetal.

Yours faithfully,

On behalf of the Board



GEORGE W. CHILIAN, B.A.

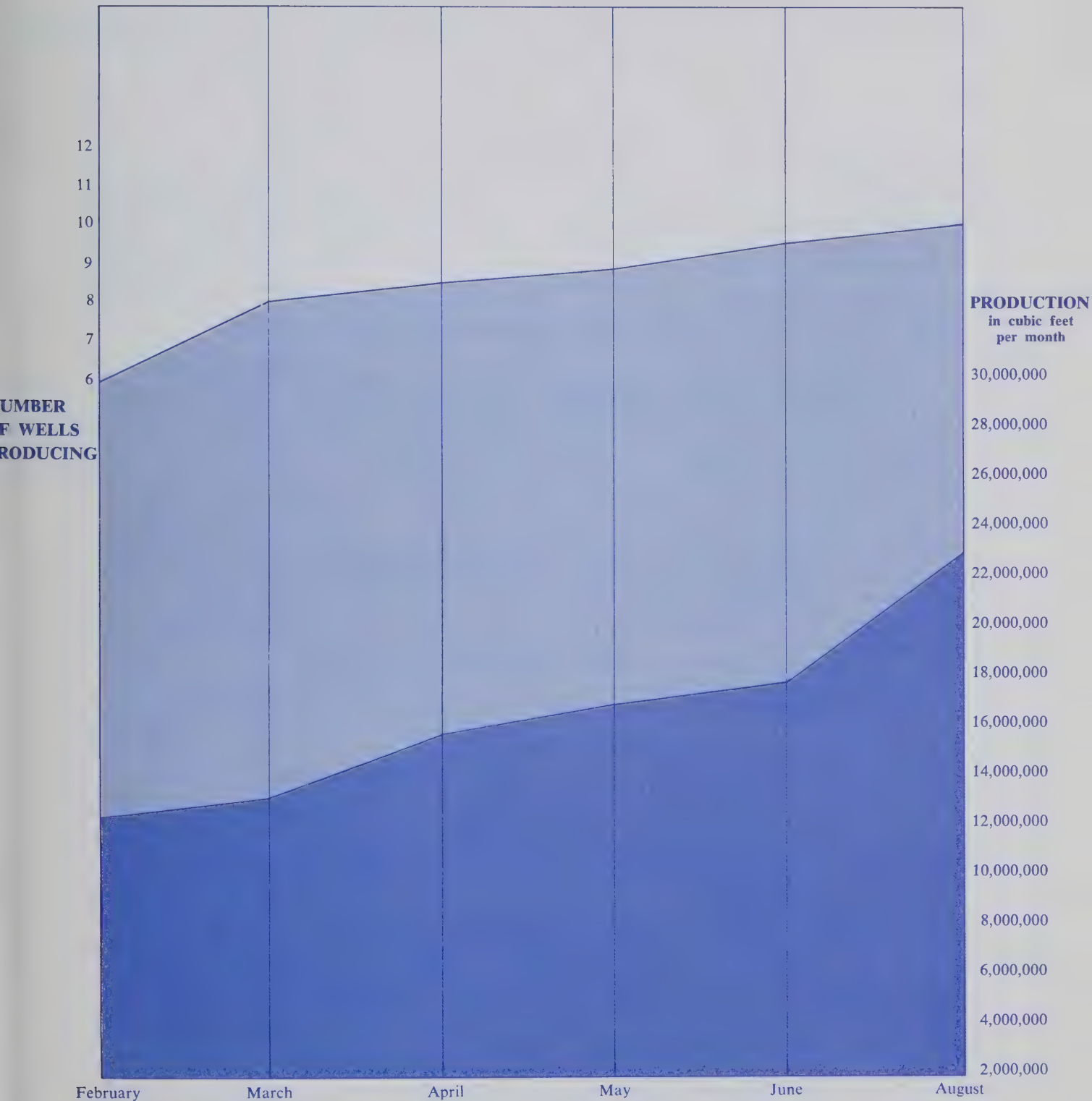
President

September 10, 1965

Toronto, Ontario



# NEW METALORE MINING COMPANY LIMITED



*The above graph exhibits the growth of our natural gas production since February, 1965. Note the increase in production compared to the increase in number of wells, illustrating the higher ratio of productivity per well due to New Metalore's advances in hydro-fracturing.*



# NEW METALORE MINING

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

|                                                            |    |          |  |
|------------------------------------------------------------|----|----------|--|
| Cash .....                                                 | \$ | 652.85   |  |
| Marketable securities (quoted market value \$415.00) ..... |    | 350.00   |  |
| Accounts receivable .....                                  |    | 5,492.30 |  |
| Prepaid expenses .....                                     |    | 100.00   |  |
| TOTAL CURRENT ASSETS .....                                 | \$ | 6,595.15 |  |

#### PETROLEUM AND NATURAL GAS PROPERTIES AND RELATED EXPENDITURES (Note 1)

|                                                         |    |                     |              |
|---------------------------------------------------------|----|---------------------|--------------|
| Norfolk County — Ontario                                |    |                     |              |
| Lease on 4,560 acres, at cost .....                     | \$ | 2,602.46            |              |
| Productive gas wells including equipment, at cost ..... |    | 92,899.62           |              |
| Pipeline, at cost .....                                 |    | 27,997.29           |              |
|                                                         |    | <u>\$123,499.37</u> |              |
| Waterloo County Area — Ontario                          |    |                     |              |
| Leases on 24,110 acres, at cost .....                   | \$ | 2,554.10            | \$126,053.47 |

#### MINING PROPERTIES AND RELATED EXPENDITURES (Note 2)

|                                                                                                                                                                          |    |                     |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------------------|---------------------|
| Normetal Area — Quebec and Ontario                                                                                                                                       |    |                     |                     |
| 96 unpatented mining claims (consideration 1,332,989 shares of capital stock valued at 15¢ per share, 350,000 shares valued at 10¢ per share and \$17,606.49 cash) ..... | \$ | 248,554.84          |                     |
| Exploration and development expenses .....                                                                                                                               |    | 203,621.68          |                     |
|                                                                                                                                                                          |    | <u>\$452,176.52</u> |                     |
| Coniagas Area — Quebec                                                                                                                                                   |    |                     |                     |
| 6 unpatented mining claims acquired for cash including \$257.50 expended during the year for exploration expenses .....                                                  | \$ | 4,257.50            |                     |
| Equipment — at cost .....                                                                                                                                                |    | 5,127.57            | \$461,561.59        |
|                                                                                                                                                                          |    |                     | <u>\$594,210.21</u> |

### AUDITORS' REPORT

To the Shareholders

New Metalore Mining Company Limited

We have examined the balance sheet of New Metalore Mining Company Limited as at March 31, 1965 and the statement of exploration and development expenses for the year then ended, statement of deferred administrative expenses for the period from April 1, 1964 to February 2, 1965 and statement of income for the period from February 3 to March 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and the aforementioned related statements of exploration and development expenses, deferred administrative expenses and income present fairly the financial position of the company as at March 31, 1965 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

July 31, 1965

RIDDELL, STEAD, GRAHAM & HUTCHISON,  
Chartered Accountants

# NG COMPANY LIMITED

(Incorporated in the Province of Ontario)

AT MARCH 31, 1965

## LIABILITIES

### CURRENT LIABILITIES

|                             |              |
|-----------------------------|--------------|
| Accounts payable .....      | \$ 32,132.07 |
| Advance from Director ..... | 5,799.83     |

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK — (Note 3)

##### Authorized —

6,000,000 shares, par value \$1.00 per share

##### Issued —

5,300,000 shares

|                    | PAR VALUE             | DISCOUNT              | NET                 |
|--------------------|-----------------------|-----------------------|---------------------|
| For property ..... | \$1,912,989.00        | \$1,663,540.65        | \$249,448.35        |
| For cash .....     | 3,387,011.00          | 2,920,428.66          | 466,582.34          |
|                    | <u>\$5,300,000.00</u> | <u>\$4,583,969.31</u> | <u>\$716,030.69</u> |

Contributed surplus ..... 16,000.00

### Deficit

Balance March 31, 1964 ..... \$ 85,280.16

Add — Deferred administrative expenses  
to February 2, 1965 written off ..... 98,815.96

\$ 184,096.12

Deduct — Net income for period

February 3 to March 31, 1965 ..... 8,343.74

Balance March 31, 1965 ..... ( 175,752.38) 556,278.31

\$594,210.21

The accompanying notes are an integral part of this financial statement.

Approved on behalf of the Board:

GEORGE W. CHILIAN, *Director*

THEODOR RATZ, *Director*

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED MARCH 31, 1965

- NOTE 1. No provision has been made for depletion of lease costs, amortization of productive gas well costs and depreciation of the company's pipe line against revenue from natural gas production during the period from February 3, 1965 (commencement of production) to March 31, 1965. Such a provision would ordinarily be based upon the proportion of gas sold to the total amount of gas reserves available and engineering reports with respect to such reserves have not yet been received by the company.
- NOTE 2. Subsequent to March 31, 1965, the company acquired, by staking, 37 additional mining claims in the Normetal Area of Quebec.
- NOTE 3. During the year 370,000 shares of capital stock were issued for cash.



# NEW METALORE MINING COMPANY LIMITED

## STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES FOR THE YEAR ENDED MARCH 31, 1965

|                                     | BALANCE<br>APRIL 1,<br>1964 | EXPENDED<br>DURING<br>YEAR | BALANCE<br>MARCH 31,<br>1965 |
|-------------------------------------|-----------------------------|----------------------------|------------------------------|
| <b>NORMETAL AREA — QUEBEC</b>       |                             |                            |                              |
| Exploration .....                   | \$ 1,982.40                 | —                          | \$ 1,982.40                  |
| Development .....                   | 28,496.32                   | —                          | 28,496.32                    |
| Diamond drilling .....              | 99,489.76                   | —                          | 99,489.76                    |
| Assays .....                        | 1,043.59                    | —                          | 1,043.59                     |
| Engineering fees and expenses ..... | 18,946.47                   | —                          | 18,946.47                    |
| Licenses, fees and taxes .....      | 21,330.64                   | \$1,186.75                 | 22,517.39                    |
| Travelling expenses .....           | 7,276.23                    | 49.00                      | 7,325.23                     |
| Geophysical surveys .....           | 21,294.00                   | 2,526.52                   | 23,820.52                    |
|                                     | <u>\$199,859.41</u>         | <u>\$3,762.27</u>          | <u>\$203,621.68</u>          |
| <b>CONIAGAS AREA — QUEBEC</b>       |                             |                            |                              |
| Licenses, fees and taxes .....      | —                           | 257.50                     | 257.50                       |
|                                     | <u>\$199,859.41</u>         | <u>\$4,019.77</u>          | <u>\$203,879.18</u>          |

## STATEMENT OF DEFERRED ADMINISTRATIVE EXPENSES FOR THE PERIOD APRIL 1, 1964 TO FEBRUARY 2, 1965

|                                                                                                                                                              |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| BALANCE OF DEFERRED ADMINISTRATIVE EXPENSES TO MARCH 31, 1964 .....                                                                                          | \$85,106.21        |
| ADMINISTRATIVE EXPENSES INCURRED FROM APRIL 1, 1964 TO FEBRUARY 2, 1965 (date of commencement of production from petroleum and natural gas properties) ..... |                    |
| Shareholders' meeting and reports .....                                                                                                                      | \$2,514.23         |
| Registrar and transfer fees .....                                                                                                                            | 1,680.62           |
| Travelling .....                                                                                                                                             | 188.98             |
| Rent .....                                                                                                                                                   | 742.50             |
| Printing and stationery .....                                                                                                                                | 680.94             |
| Postage, telephone and telegraph .....                                                                                                                       | 902.20             |
| Legal, audit and accounting .....                                                                                                                            | 2,000.87           |
| Administrative salaries .....                                                                                                                                | 3,600.00           |
| Office and general .....                                                                                                                                     | 892.62             |
| Interest and bank charges .....                                                                                                                              | 578.56             |
| Investment income .....                                                                                                                                      | ( 71.77)           |
|                                                                                                                                                              | <u>13,709.75</u>   |
| BALANCE OF DEFERRED ADMINISTRATIVE EXPENSES TO FEBRUARY 2, 1965,<br>TRANSFERRED TO DEFICIT .....                                                             | <u>\$98,815.96</u> |

## STATEMENT OF INCOME FOR THE PERIOD FROM FEBRUARY 3, 1965 (COMMENCEMENT OF NATURAL GAS PRODUCTION) TO MARCH 31, 1965

|                                                  |                    |
|--------------------------------------------------|--------------------|
| OPERATING REVENUE FROM SALE OF NATURAL GAS ..... | \$11,062.60        |
| <b>OPERATING EXPENSES</b>                        |                    |
| Royalties .....                                  | \$ 860.95          |
| Well maintenance .....                           | 200.00             |
| Management salaries .....                        | 720.00             |
| Interest on loan .....                           | 325.39             |
| Rent .....                                       | 250.00             |
| Telephone, telegraph and postage .....           | 137.63             |
| Travelling .....                                 | 120.76             |
| Legal, audit and accounting .....                | 104.13             |
|                                                  | <u>2,718.86</u>    |
| NET INCOME (Note 1) .....                        | <u>\$ 8,343.74</u> |

The accompanying notes are an integral part of this financial statement.





